

JIMMA UNIVERSITY
FACULTY OF BUSINESS
DEPARTMENT OF MANAGEMENT

JOB SATISFACTION AND LABOUR PRODUCTIVITY,
WITH SPECIAL EMPHASIS ON THE SIDAMA ZONE
FINANCE DEPARTMENT, SNNPRS, AWASSA.

By
Atnafu Hatiya Orissa

Submitted to:
Ato Mesfin Lemma

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ABSTRACT

The human factors are always referred as to be the most critical elements in the productivity process. Whether it is a manufacturing organization or a one which renders service, human intelligence and efforts are still non-substitutable assets, as some refer to them. It appears that human involvement is initial in every business operation be it hunting and gathering in ancient society, or specialization in commerce, war and administration in the medieval ages or labor specialization in the early industrial revolution. Though the scope of human involvement in different work practices is slightly declining for technological advancement and risk considerations, a great deal of work is still being performed by human-beings' direct or indirect participation.

Despite this fact in the long man history, the fact that human intelligence and efforts are critical to the success of any operations undertaken by organizations, questions still remain unanswered. Are human or personnel policies and practices given due consideration? The great industrial revolution gives us accounts of remarkable changes made to improve the production process so as to boost the efficiency and effectiveness of the organizational activities. We have now arrived to the ages of information technology, computer aided design, computer aided manufacturing, Robotics technology etc. through time taking changes just from the stone age. But are human factors getting enough attention as we did with other means of production? If so, how are these human resource practices related to performance level by employees?

The effort of this paper will be studying the possible linkage between Human Resource Management practices and the productivity level of employees. The paper strives to reveal the way in which human resource practices are related to employee performance in addition to finding the link. Relations are to be sorted, if any, between employee productivity and different motivational factors like company and administrative policies, supervision, salary (compensation), interpersonal relations, working conditions, the work itself, opportunity for advancement and recognition, chances for achievement and co-workers.

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CHAPTER I

INTRODUCTION

The study will be conducted in the Sidama Zone Finance Department, in the Southern Nations, Nationalities and Peoples' Regional State. The Zonal Office for SZFD is located in the city of Awassa which is also the state's capital. Awassa is 275 km south from Addis Ababa, the capital city of the country.

The Southern Nations Nationalities and Peoples' Regional State is one of the chief suppliers of the Ethiopian government's foreign exchange/export items/ like coffee, fruits, 'chat', cattle products etc. The Ministry of finance of the Ethiopian federal state and its regional offices like the Sidama Zone Finance Department are concerned with two primary goals namely; budget allocation/disbursement and revenue collection in the form of different taxes collectively called Inland Revenue.

Understandably, the whole regional state, i.e. SNNPRS in general and the SZFD in particular will be of a great interest to the Ministry of Finance for their vast resources and economically vital wealth (like coffee). According to the report from the SZFD on the last fiscal year operations, Birr 29,000.00 was collected in the form of inland revenue from the zone. Naturally, this fact attracted me to conduct this particular study in the place mentioned. In addition to this, I have the experience in the SZFD when the Faculty of Business, Jimma University, gave me the opportunity to conduct my professional practice there for two months. My experience there has inspired me to investigate how personnel practices can help organizations to motivate their employees in such service careers.

Service organizations in general are known for their routine, monotonous job practices and the Sidama Zone Finance Department is no the exception. The researcher had observed such practices during the

professional practice for management for two months. So, given such a job, working environment, management style etc I want to proof if the motivation theories and different human resource management policies and practices hold true in the given organization.

Finally, according to some researchers, the human resource management do not have due considerations in organizations in general. "Our understanding of the way in which human resource management (HM) is linked to organizations performance is still limited"¹.

Human resources practices seem to matter; logic says it is so, survey findings confirm it. Direct relationships between investment and attention to human resource practices are still fuzzy, however, and vary according to the populations sampled and measures used².

Therefore, "can human resource practices bring change in productivity"? Will be the question to be answered by investigating the facts in the above mentioned service organization.

SCOPE OF THE STUDY:

- * Reports of ten-years activities (from 1983 E.C. - 1993 E.C.) will be analyzed.
- * Workers to be interviewed should have a more-than two years experience in the particular section they work.
- * Four offices of the SZFD, including the head office in Awassa will be investigated, the main information being drawn from the head office
- * Activity reports, policy and procedure manuals and especially personnel policies and practices will be closely studied.

EXPECTATIONS

According to different researchers and motivation theories, company policies, supervisions, compensation, working conditions, interpersonal relations, the work itself opportunities available for achievement and advancement etc can result in high productivity, keeping other things normal, if they are positively available these bring motivation for the company's side and job satisfaction for employees. These facts are expected to be held true in the Sidama Zone Finance Department.

ABOUT THE STUDY

Employee satisfaction is assumed to be the determinant of performance level by the employees. The study investigated the level of job satisfaction with all facts like pay, promotion, job security, co-workers, supervision etc. The intention is to find out whether employees are satisfied with these facets. For instance, questions like: are the workers satisfied with the organization's pay system, do they perceive organizational human resource policies and practices reasonable and fair? etc. are questioners which have been distributed to respective employees of the Sidama Zone finance department to meet this demand.

The other phase of the study was collecting information about the employees and SZFD policies from its management. The same question raised above with the employees will be checked out for confirmation from the management perspective. This helps to get the facts from both sides and allows a confident result. This was accomplished by distributing 38 questionnaires of mainly 10 satisfaction facets to the individuals responsible in different sections and woredas.,

Finally, performance results were collected from the organization's two main sections, distribution and accounts and inland revenue. These two sections represent the major roles of the SZFD. Therefore, it will be reasonable to examine the performance of the two sections in order to know about the performance of the SZFD.

By comparing and contrasting the two extremes namely, job satisfaction and performance level, possible links will be sought and possible deviations will be reasoned out in this study.

The SZFD being one of the many service-rendering, civil service commission governed bodies represents many organizations in the country and the results

will be of interest for most of them which follow the same working procedures and personnel policies.

SIGNIFICANCE OF THE STUDY

This study is significant for the following reasons:

- Employees cannot be impaired from any other organization's performance. Employees provide the effort and intelligence to the organization's input pool and these factors are still of strategic use in many companies.
- Since our country belongs to the least-developed countries category and the major production means such countries use is labour intensive, labour is really our problem. When we talk about organizations in efficiency, we are talking about labour inefficiency.
- Keeping the above thought in mind, it is interesting to know how labour policies and practices do matter in our case. How can we use the available labour to increase motivation is the question to be answered so that we can get a sustainable development from labour-intensive undertakings.
- With the introduction of privatisation policy, labour complaints have become common in our country. The question is how to satisfy both parties, employees and owners in a win-win manner. This paper strives to that end and so it is significant even in the case of current conflicts.

SCOPE OF THE STUDY

- ◆ 20% of employees who have served in different SZFD sections for more than two years are interviewed.
- ◆ Reports by SZFD on its 10 years activities are used.
- ◆ Activity reports, policy and procedure manuals are analysed

Concerned parties from different Zonal departments are interviewed.

OBJECTIVE

General objective

The objective of this paper is to investigate the relationship between job satisfaction and labor productivity. Job satisfaction includes the following facets ability utilization, achievement, activity, advancement opportunity, authority, company policies and practices, compensation, co-workers, creativity, independence, moral values, recognition, responsibility, security, social service, social status, supervision, variety and working conditions³. Productivity refers to output of goods/services produced per unit of input impliedly, labor productivity is output per labor in a given time period.

Specific objectives:

- the paper strives to reveal that personnel policies to matter as other investment.
- To show that productivity or performance is not merely a matter of ability that new employees bring in but rather it is the function of both ability and motivation.
- To show how specific measures like pay, leadership style, recognition, advancement etc. are being practiced in the Sidama Zone Finance Department and what does it imply when deviations are available.
- To indicate some of the critical factors which contribute to labor unrest, like turnover, absenteeism, inefficiency.

CHAPTER II

HUMAN RESOURCE MANAGEMENT

POLICIES AND PRACTICES

Any organization has got its own purposes(s) to live up to. To materialize the objectives and goals, organizations need the human resource as their vital asset. Human beings, on the other hand, have different needs and wants which should be satisfied. To be successful in their career organizations should take into account the needs and aspirations of individuals who work for them. It is as long as his/her needs are satisfied that an individual will live to accomplish organizational goals in the way organizations desire. In other words, the needs of both entities/the individuals and the organization should be met so that the expectations one needs from the other will be fulfilled. Organizations should satisfy their personnel to get the best of the expertise from them.

Motivation is inducing a person or a group of people, each with his/her own distinctive needs and personality, to work to achieve the organization's objectives, while also working for his/her own objectives⁴. According to this definition, motivation policies and practices of an organization play a dual role. These are: helping to achieve organizational goals and satisfying the employee own needs. People will put their best effort on organizational task as far as their own needs are satisfied, keeping other things at normal condition. Employee performance is a function of two factors: the ability and skill individuals have got and their respective motivational level provided mainly from the organizational personnel policies and practices. Therefore, given adequate and reasonable motivation, any employee with the necessary and relevant knowledge, ability, skill and others (KASOS) will attain the organizational goal with high performance, productivity.

Although motivation provides the best potential source of increased productivity and profitability, it does not necessarily mean a greater expenditure of energy on the part of the worker. Instead, it implies that employee abilities will be used more efficiently with the same-or-less expenditure of effort. This, in turn, should lead to improved job satisfaction.

JOB SATISFACTION

Employees experience satisfaction (or dissatisfaction) with many different components or facets of their work environment⁵. Organizational policies and practices. Like compensation method, promotion, job security; the people one works with, supervisors, co-workers and the work itself. Individual employees, even though they have got the same type of job, are likely to have different levels of satisfaction or dissatisfaction. This is because:

- (1) Individuals employees may receive different treatment by organization and co-workers.
- (2) Supervisors may prefer one to another employee.
- (3) Policies which are like double-edged sword. For instance, promotion on seniority basis may please old staff members and eventually upset young employees who joined the organization recently.
- (4) As it is true to all mankind, employees with in the same job differ in their desires and values⁶.

SATISFACTION WITH PAY

Concerning employee satisfaction with pay a research has found that satisfaction was higher among employees living in lower cost communities than those from affluent areas, probably because their income expectation were not as high as that of their peers⁷. Some researchers have gone as far as claiming that employees are predisposed to be satisfied or dissatisfied before they enter a job⁸.

Despite the above facts, pay is central to the employment relationship, so it is potentially a powerful tool in affecting employee behaviors and organizational performance⁹. But this is not enough by itself. An employee granted the highest pay may or may not be motivated and as a result may not meet what the organization intends to accomplish. This can be due to the existence of factors called pay referents. They are factors with which workers make pay comparisons. The five pay referents are enlisted as follows:

- (i) Social referents: Comparisons made with the pay levels of family members, friends and relatives.
- (ii) Financial referents: This refers to the adequacy of pay to meet the particular employees current financial needs.
- (iii) Historical referents: These are employees job related pays in the past.
- (iv) Organizational referents: Pay comparison made within the organization in which an employee works.
- (v) Market referents: Pay comparisons with other organizations' pay level

A given organization should be able to identify the importance attached to these referents and should be able to recognize the implication of inequity (an increased or decreased deviation from a particular pay referent) so as to get employees with pay level satisfaction.

Organizations need to establish pay systems that employees consider equitable¹⁰. As pay is an effort to influence employees' behaviors and attitudes in a manner favorable to the objectives of the organization, it will motivate high performance to the extent that pay policies foster employee beliefs that pay depends on high performance. Incentives offered for work done by employees on individual basis will motivate better than group incentives because in the latter case the pay that an individual receives will depend on group performance, not on individual himself. It is also believed that the larger the group the lower is individual performance. Because the pay in such groups is not directly linked to individual's performance, instead it is linked to his/her group. In other words, individuals can receive pay or

incentives irrespective of their personal performance, so such a plan will motivate only a little or no.

To conclude, money can be a powerful force in motivation if it is related directly to achievement and performance. Employees expect handwork and accomplishment to lead to increases in pay and promotions. Organizations that enforce such policies can benefit from an environment where productivity, achievement and excellence are valued.

By and large, the significance of money in motivating employees is undoubtedly great. In China, for example, many methods of increasing employee productivity have been tried, but material rewards (something of monetary value) is found to be the major method of motivating workers¹¹.

The studies conducted at the Hawthorne plant in the western Electric Company from 1927-1932 has become the stimulus to the development of humanistic approach to management by providing its conceptual framework, that is , increasing morale results in increased productivity. This study has led to the discovery of the phenomenon called the Hawthorne effect which states that workers chosen as subjects in a scientific study had a greater incentive toward increased production because they felt "important and appreciated". Recent insights in the Hawthorne experiment have revealed that money may well had been the most important factor in boosting productivity during the Hawthorne Research study, not just the "humanistic approach" as claimed before¹².

The recognition of money as an important motivational factor however, is not an end by itself. The pay system or the way it is administered is important. The pay referents mentioned above: Social, financial, historical, organizational and market should be considered and be addressed to accordingly in equitable and timely basis.

LEADERSHIP

Leadership is an important part of management. It involves an ability a person has got to influence others to work towards organizational goals and objectives. According to many management professionals and practitioners there are various types of leaders in terms of the basic approaches used by them.

Autocratic leaders: Basically these type of leaders make most decisions instead of allowing their followers to make them. These leaders are usually thought as pushers some what like the image of the military drill instructor.

Democratic/participative leaders: They involve their followers heavily in the decision process. They use group involvement in setting the group's basic objectives, establishing strategies, and determining job assignments.

Laissez-faire leaders: laissez-fair leaders are loose and permissive and they let their follower do basically what they want.

Leader can also be classified into two, based on their orientation or emphasis in getting the job done. Some leaders emphasis the task (task-oriented leaders) and the others emphasis on their subordinates (people-oriented leaders). Task-oriented leaders emphasize on planning, scheduling and processing the work and attach close control on quality of the production and service to be obtained as an output. People oriented leaders, on the other hand, focus on the welfare and feelings of follower, have confidence in themselves, and have a strong need to be accepted by their team members. These two approaches seem to be the two extremes in leadership. There are instances where a reasonable emphasis on both task-oriented and people oriented approaches can be fruitful.

The mixture of the two emphasis focus points (task and people) together can be viewed as using theory E and Theory O together in changing organizational environment. Theory E is about increasing the economic value

of shareholders by giving attention to tasks, as in task-oriented leadership. Theory O emphasizes on the achievement of a complete cultural transformation that increase productivity and employee commitment¹³. It is basically agreed that there is no a single best approach on leadership. Organizations operate under turbulent situations, so a best way at a time can fail to bear fruit in other situations. But the need for real leaders who recognize these factors and lead their subordinates accordingly will be ever demanded need as far as organizations exist.

Leadership is a combination of personal behavior that allows an individual to enlist dedicated followers and create other leaders in the process. Real leaders demonstrate integrity, provide meaning, generate trust, and communicate values. In doing so, they energize their followers, humanely push people to meet challenging business goals, and all the while develop leadership skill in others. Real leaders, in a phrase, move the human heart¹⁴.

THE JOB ENVIRONMENT

If the organization's struggle is to see its productivity and profitability dream come true, the work itself in which individuals are assigned with its working environment should be given due consideration. The knowledge, skill and ability employees bring to the organization should be used efficiently. The absence of this, i.e. misuse of available human expertise causes frustration to employees and failure to firms. Placements should be in accordance to one of Henry Fayol's principles: the right man at the right post, order. Job analysis, which includes job description and job specification, review must be done at a reasonable time gap. Other personnel management practices like job rotation, job enlargement, job enrichment and employee empowerment should be done when the need arises and conditions allow that.

The physical working conditions should be conducive so that individual employee will be able to exert his/her best effort. To this effect, the physical

Job satisfaction and labour productivity, with special emphasis on the Sidama Zone Finance Department, SNNPRS, Awassa.

services and facilities available should be correlated with the tasks to be performed in different divisions and department.

To conclude, employee motivation and its outcome job satisfaction is the function of many different factors-like pay, leadership, policies and practices applied, the job itself and working conditions etc.

CHAPTER III

MATERIALS AND METHODOLOGY

As noted earlier in the beginning of this paper, the Sidama Zone Finance Department is a service rendering, government owned organization. The nature of the role the organization plays puts it in contact with various government run organizations found in the Zone. There are 18 sector organizations in the Zone who relay on the liaison role played by the Zonal finance department. To mention few of them. The health department, education department, department of agriculture, justice, water, mines and energy; trade, industry and tourism, the Zonal sports commission, police commission, the Zonal administration council etc.

Every zonal department and commission office receives its allocated resource from the finance department's disbursement and accounts section. Projects run by governmental agencies in the zone get their financial budget from the department. It is possible to conclude that all governmental activities have a direct or indirect relationship with this specific organization be it salary payment to civil service workers or undertaking different projects.

To investigate this relationship and how effectively the SZFD is meeting its objectives four zonal sector department will be interviewed at top management level. The researcher has selected the Sidama Zone Health Department, the Sidama Zone Education Department, the Sidama Zone Agriculture Department and the Sidama Zonal Administrative council. The interview type will be both structured and unstructured to have broad outlook into the organization from the perspectives of external organizations' management. These four zonal departments are prioritized due to their high number of employees in addition to their relative importance to the Sidama Zone in particular and the country in general.

Name of Zonal Dept	Number of interviewers	Division/section and responsibility required
Sidama zone health department	2	Admi. And finance (11) +Dept Head
Sidama zone education department	2	Admin. And Finance (1) Dept. head
Sidama Zone Agriculture Department	1	Administration and finance
Sidama Zone Administrative council	1	Administration and finance

The study within the Sidama Zone Finance Department itself will be conducted by using questionnaires of two types. The first type of questionnaire will be addressed to top management and sections-wide management post holders. This phase of the study includes the following parties.*

<u>Name of the division/section</u>	<u>No. of respondents</u>
1. Head, Sidama Zone Finance Department	
2. Section heads. There are five main sections.	
2.1. Inland Revenue.....	1
2.2. Budget.....	1
2.3. Administration and finance.....	2
2.4. Disbursement and Accounts.....	1
2.5. Service: legal, internal audit, customs, research and plan	
3. Woreda level management bodies	
3.1. Yirgalem	1
3.2. Alethawondo.....	1
3.3. Bansa.....	1
Total Respondents to SZFD management Questinnnaire...	13

The second type of questionnaire will be addressed to 20% of the organization's employees found in zonal office and the three woredas:

yirgalem, Alattawondo and Bansa. The total number of employees in the Sidam Zone excluding management are 180. Therefore,

$$20\%(180) = 36 \text{ employees}$$

Out of the 36 employees 70% of them (25 employees) will be taken from Awassa, 5 employees from each sections listed above on number (2). This large number is planned to Awassa because of the abundance of information at this level. The rest 30% out of 36 employees (11 individuals) will be selected from Yirgalem, Alattawondo and Bansa, each having 4,4 and 3 respondents respectively. The first two woredas have got larger staff members than Bansa. Respondents are allocated accordingly.

* All information concerning the SZFD is from the researcher's experience. A report on professional practice for management, 2001 by Atnafu Hatiya can be reviewed.

LIMITATIONS OF THE STUDY

The study deals with the assessment of job satisfaction which is Psychological, subjective to the employee concerned and qualitative in nature. This limits its objectivity and it is possible only to compare results of such survey within group of respondents.

Secondly, the organization of interest in this study is a service organization. As it is known the out puts (performance) of service organizations is not physical and it is not quantified. Although it is possible to measure SZFD's performance in such factors like revenue collected or budgeted amounts disbursed per year, there is no common yard stick to judge these performances as poor or good. Still the study relies on qualitative information, the thoughts and feelings of different individuals who directly or indirectly "know" the organization.

The complex nature of the factors involved in this paper will make the results of this paper of limited value. Job satisfaction is the function of a number of factors and so is productivity. The researcher, however, believes that there is a lot to be learnt from this controversy and the paper strives to reveal ways which associate personnel policies with organizational performance.

CHAPTER IV

DATA ANALYSIS AND INTERPRETATION

As cited in the methodology section, questionnaires were addressed to SZFD personnel in two broad category. The first category deals with the employees found in their organization's different sections like Administration and finance, disbursement and accounts, Budget section, inland revenue section, and in support department like legal service, internal audit, plan and research as well as the inspection section.

The whole interviewees covered in this phase are 36 employees which is 20% of the total employee number in SZFD 25 of the interviewees are from the department head office found in Awasa and 16 are from 3 other woredas operating under the SZFD, namely Yirgalem, Alettawondo and Bansa. 2

Both close-ended (yes or no) questions and open-ended questionnaires were addressed to the 36 employees. All of them have replied the questionnaires in general although few parts have not been filled by some of the respondents.

The table of percentages for the open ended questions is given below.

<u>Factors</u>	<u>Less</u>	<u>Equal</u>	<u>Greater</u>
1. Salary, fringe benefith etc provided by SZFD in relation to others	80.5%	16.7%	2.8%
2. Most satisfied in SZFD with	<u>My work</u>	<u>Supervision</u>	<u>Facilities</u>
	77.8%	19.4%	-
			2.8%
3. What advantages are there for being in SZFD	Opportunity for education	Other facilities	
	62.5%	37.5	
	Administration	less incentive	
	<u>(management)</u>	(motivation)	
3. Causes of problem if you think that SZFD is not effective	77.3%	22.7%	

* With regard to opportunities available in SZFD, only 16 out of the 36 employees did respond yes. Therefore, the percentages in factor number 3 are calculated on 16 individuals basis. In other words 44% believe that there are not other advantages for being in SZFD.

Concerning number 4 above, only 31 employees did mention that they think their organization is cruising under success (failure). 21 of them think that the SZFD is not accomplishing its goals in general due to several reasons. As Shown in the table most of them blame management in efficiency while some say it is because of less motivational effort being employed.

Concerning organization compensation and fringe benefits policy and practice there is a big deviation from workers side from that of the organization. According to most of them (80.5%), the salary and fringe benefiths provided at

the Sidama Zone Finance department are less than that of their organization. This gap is so large that reconsideration from the SZFD would be of importance.

Despite the above up setting most employees have reported that they like this job (the work itself). While their expectations of compensation are ~~not~~ met, they like the work they are engaged in and it gives the organization favourable result if they utilize such employee feelings. The positive attitude employees have towards their work is a useful asset for the organization because they can be motivated towards big accomplishments by employing different motivational efforts like recognition, provision of better facilities etc .

Table of results for close-ended (Yes/No) Questionnaires

		No. of Respondents			Percentage	
		Yes	No	Total	Yes	No
1	My profession is related to what I am working in SZFD	21	15	36	58.3%	41.7%
2	My salary is enough with regard to what I am doing	16	20	36	44.4%	55.6%
3	Incentives are enough	14	22	36	39%	61%
4	I believe that my organization (SZFD) is successful in accomplishing its goals	14	22	36	39%	61%

According to the results in this part of survey, many employees (58.3%) have reported that their professional background matches in line with the jobs they hold at SZFD. From this result it can be deduced that one of the famous principles set by Fayol for management, order- which states that individuals should be assigned at the right post, is somehow fulfilled. However a good

portion of the respondents still feel that their professional background doesn't fit the job. Almost 42% of the respondents hold such beliefs and it shows that due care must be taken as to the recruitment, selection and placement of employees. It is clear that individuals perform at their best if the posts held and duties assigned are in harmony with their professions and work experience. Although such factors are not easy to remove completely they can be reduced to reasonable lower level so that individual inputs as acquired from education and experience can be utilized at best for organization's good.

One of the criteria for company's compensation policy effectiveness is equity. the compensation policy should be equitable, i.e. each employee should be paid fairly, in line with his/her effort, abilities and training. The compensation provided should also be acceptable to the employee. This means that each employee should understand the pay system and feel that it is a reasonable system for the organization and himself or herself.

According to the results obtained from SZFD employees on this regard, only 44.4% of the respondents did confirm that their salary is enough with regard to the efforts they exert. A greater group of them (55.6%) say that their salary is not enough in line with their duty. In comparison with what other organizations provide in the form of salary and fringed benefits, 80.5% have reported that there is less than what others provide. If we consider this as satisfaction (dissatisfaction) with pay, 11.2% (55.6-44.4%) more people feel dissatisfied in their pay system than those who report that they are pay satisfied.

This result leaves a big gap between employee expectations and what the organization has decided to be fair. As stated above, these two extremes have to be inbridged by applying equitable and acceptable principles, individuals should feel that their salary is fair compared to their service and training as well as they have to be convinced that the pay system is acceptable both from the organization's and their own points of view.

The balances reached on these points will highly determine the motivational level of employees. If an organization sets its compensation policy, among others, at equitable and acceptable basis it will achieve the motivation and commitment from its employees which results in high performance (productivity) level.

From this perspective, it is clear that the SZFD lags behind the expectation of its personnel. To be successful by inducing motivation in its employees' minds, the SZFD has to work to balance the deviations created between its policy and its employees' expectations.

Salary is not the only system to fuel the feeling of motivation among employees. Incentives given by organization will do the same job. Individuals should get the reward and recognition for the best work accomplished by them in the form of incentives. Each significant success on individual as well as group basis should be recognized by either close supervisors or the management of the organization in general. This can be expressed in terms of both material as well as moral means. The essence is to recognize best efforts applied by individuals and show that they have been really recognized for their good performance. This will encourage good performance and helps to retain people.

The results obtained in this respect from the employees of SZFD are not impressive. Only 39% of the employees sampled say that they believe incentives in this organization are quite enough and they are satisfied. 61% of the sampled population have reported dissatisfaction with the incentive availability and application.

There are a number of ways in which an organization can provide its good men with incentives (both in material and moral basis). Organizations in general and the SZFD in particular should not be unaware and reluctant to use this motivation tool. The administration of incentive tools may vary from providing material of value in the form of prize to recognition letters and

notices to be displayed at organization's notice board. This system in general is not costly but its results are of greater value to the employees concerned.

The organizational culture of appreciating people should be adopted and administered for organization's good. The efforts employees apply, sometimes even beyond and the organizational expectations, and the results harvested from such individual efforts should not be ignored. Instead organizations need to monitor such developments and should give due recognition. It seems that the SZFD should follow this path and see the results.

Results from the survey show that only 39% of its employees believe that the SZFD is successful organization and is successfully carrying out the responsibilities bestowed on it by the government and the public in general 61% say that it is not true. This may show one or two things. (1) the organization is not effective as they put it. (2) the organization is not communicating its performance results with its employees. As a result workers could not recognize and appreciate what is being done.

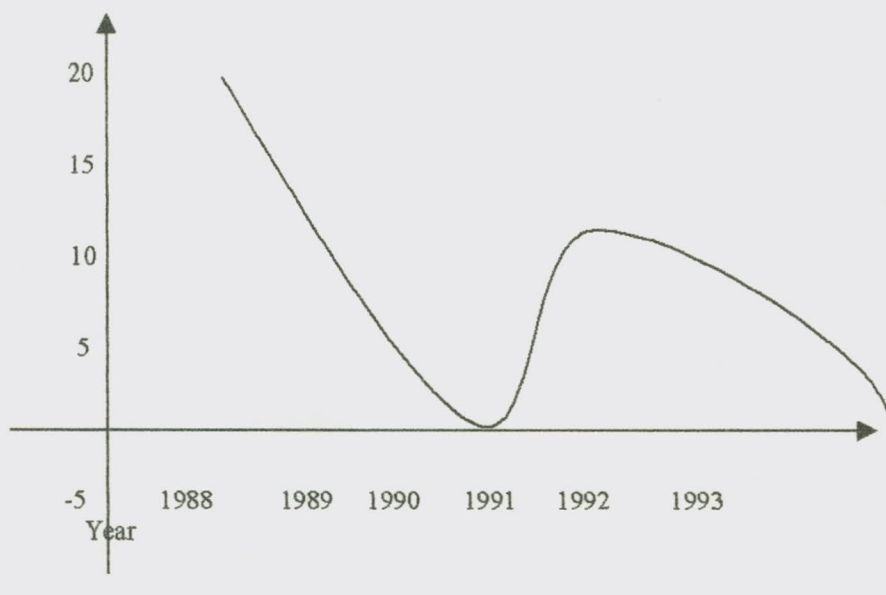
Although the two possibilities may hold true, the first point has got a weight, workers are the closest individuals to their organization and there is every chance for them (theoretically) to know about their organization's performance results. As discussed earlier some of the workers have gone as far as mentioning the causes for this problem.

This will call up on the SZFD management to wake up and solve the problem. Organizations have got their own purposes to 'live up to' and the responsibility best owed up on them by government and by the general public should be discharged properly. This will be accomplished by working with all concerned parties hand in hand and workers are the major components of this coalition. Therefore, the attitudes of the workers will have a great impact on the performance of the organization. People in general like to be associated with successful figures whether it is an organization or even a fan club. Failure to accomplish its goals will hurt the morale of its employees in case of organizations. This will in turn decrease their commitment and further they may be forced to leave the organization.

In addition to this, the Zonal departments interviewed at management level hold the same reservation on the activities of the SZFD. Most of them have expressed dissatisfaction towards the service they obtain from SZFD. It is reported that long time is needed to get budgeted amounts because of the "bureaucratic" conditions found in SZFD. The lengthy time it takes to get salary for newly recruited personnel, or to employees who come in transfer from other areas were the main problems mentioned to be existing in SZFD by those externals. Corruption and fraudulent actions are frequently cited as problems for those sections of SZFD which are concerned with inspection and revenue collection. The systems employed in this respect are said to be inefficient and exposed to criminal and anti-public acts. These factors contribute to organizational failure to accomplish its tasks.

Year	Revenue	%age increase (decrease)
1988	20,856,331	
1989	24,395,523	16.9189
1990	27,056,684	10.908
1991	27,616,277	2.068
1992	30,802,304	11.537
1993	28,787,804.13	(-6.54)

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$$\frac{1989}{1988} = \frac{x}{y} \quad \frac{x-y}{y} \times 100 = \text{percentage increase (decrease for year 1989)}$$

Revenue is one of the main areas in which the competence of SZFD can be measured since it represents one of its main task, revenue collection.

Though the data shows considerable increase year after year except for the year 1993 E.C. in which the collected amount is less than that of the previous year, the percentages show that there is a great fluctuation. The biggest increase was witnessed in the year 1989 E.C. in which an increment of almost 17% on the previous year was recorded. The years 1990 and 1992 E.C. also show a considerable increase, almost 11% in both cases. The year 1991 may represent poor performance with approximately 2.1% increase and the year 1993 shows the poorest condition of all with a decrease of 6.54% than the previous year.

Although there are no objective standards to judge the situations the vast fluctuation given pertains to the year 1993 E.C. in which coffee price has suffered a decrease in the world market.

On the other phase of the survey, the SZFD management was the subject. 13 management post holders were given questionnaires each with 38 questions in 10 main division. This is believed by the researcher to be fair action so that the same story can be heard from two different perspective, employees and management.

These questionnaires were designed in such away that yes answers would be favourable in bringing job satisfaction to employees and no would mean unfavourable factor for job satisfaction is available.

Accordingly, 12 no answers were reported in average. The relative percentage of no answers to the total is 31.6%. Most adverse results were reported under such areas like: (1) salary (most respondents say that the salaries and benefits are lower than those provided by others and that the compensation systems are not perceived as fair by employees, (2) working conditions in which poor facilities and working conditions are reported and (3) organization and administrative policies which are said to be not clear, not accessible and above all formulated not in participation with employees.

These results lead us to reconsider those areas which are believed by the management to be weak. It is believed that in motivating employees, most of the focus must be on money.* salaries must be administered properly to obtain satisfied and motivated employees which will be the key role players in performance achievement. The working conditions should assist, not hinder, organizational activities clean and update facilities, user friendly equipment and ideal facility lay out which facilitates efficient resource use etc will support organizational effort towards its goals. The SZFD should recognize and adjust this conditions for its service-oriented goals.

The policies should be set as much as possible with the participation of the employee representatives, they should be clear at individual level and should be reconciled with such burning issues like transparency, good governance and democratic culture. Policies and organization performance should be communicated in all level of the organization's structure. Employees shouldn't be let to feel strangers or outsiders in their organizations' matter. They should feel and think as partner, and not external parties.

CHAPTER V

CONCLUSION AND RECOMMENDATION

Compensation policies and practices tend to be poor in SZFD. This can be judged by looking into seven criteria suggested by patson for compensation policy effectiveness¹⁵.

1. Adequate: Minimal government, union and managerial level should be met. This is true in SZFD since it is governed by the civil service rules of Federal Democratic Republic of Ethiopia.
2. Equitable: each person should be paid fairly, in line with his/her effort, abilities and training. In SZFD case, there are people who are nominated polically for manager posts. These people have more privileges compared to workers in different sections even though their efforts, abilities and trainings would not make them worthy to such posts.
3. Balanced: pay, benefits and other rewards should provide a reasonable total reward package.

In this regard, 55.6% of the respondents said that their salary is not enough and motivating while 61% said the incentive package not enough. These figures show large level of dissatisfaction from employee side.

4. Cost effective: pay should not be excessive, considering what the organization can afford to pay.
5. Secure: pay should help an employee feel secure and aid him/her in satisfying basic need. According to employee and management questionnaire results in SZFD, this criteria is not met in their organization.
6. Incentive providing: pay should motivate effective and productive work. According to our early results this too is at odds with 61% respondents saying there is no enough incentive package in SZFD.

7. Acceptable to the employee: The employee should understand the pay system and feel that it is a reasonable system for the enterprise and himself or herself. The results of the survey show dissatisfaction in pay and this would not happen had the pay been acceptable. It is clear that this criteria is not met too.

Finally, by considering the facts above it is possible that in SZFD pay dissatisfaction exists. The belief shared by many employees (80.5% believe that salary and fringe benefits they receive from SZFD are less compared to others in the area) has contributed less motivation and performance. "A major determinant of an employee's productivity and satisfaction arises from the degree of fairness (equity) or unfairness (inequity) that an employee perceives in the workplace, in comparison with others"¹⁶.

Degree of equity = employee's input

(effort attendance etc)

Outcomes

(pay, benefits, services etc)

If perceive equity is low, the dissatisfied employee would change the quality or quantity of his input. The organization has to work towards satisfying the perceived needs at employees by improving its compensation policies which currently lag behind most employees' expectations.

Most respondents (77.3%) believe that administration (management) is responsible for the organization's in efficiency. Leadership is important to take workers to fruit-full destinations and SZFD should revise its management and operations style. Transparency, accountability and good governance should identify the ways the organization is managed and its service to external institution. People who hold managerial posts shouldn't necessarily be political nominees. The quality of their credentials, their work experience in the organization or with related organizations, their abilities to perform the job efficiently and effectively etc. should be the major criteria to assign leaders.

The organization's premise and the facilities available should be clear and update. Office facilities, equipment, other serves like transportation are poor as confirmed by SZFD management. Services and facilities should be available and should also be organized in such a manner that they won't hinder employee operations.

As it was discussed in previous parts performance tends to be poor in SZFD with fluctuations over years. With the economy of the country in general in rise, revenue to be collected from the public should increase. However, this is not true in SZFD performance level terms. It shows inefficiency. To avoid this problem., the SZFD is expected to:

- Motivate its personal by improving its pay system.
- Make the job environment more convenient for work.
- Improve its facilities and services to employees, (e.g. transpiration service)
- Select, motivate and retain the right people for the job.
- Provide its employees recognition based on their job and the opportunity for advancement
- Improve its management quality and leadership.

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Appendix

Instruction: Please answer the following questions. Put (✓) mark in an appropriate space

Questionnaire type I {subject: Management of the SZFD}

I. Organization and administrative policies

- 1.1. Does the organization have policy in manual? Yes___ No___
- 1.2. Is the policy easy to understand? Yes___ No___
- 1.3. Do employees see policies as fair? Yes___ No___
- 1.4. Are all employees required to follow policies? Yes___ No___
- 1.5. Do employees have easy access to policies? Yes___ No___
- 1.6. Do employees participate in policy revision? Yes___ No___
- 1.7. Are your policies reasonable compared with those of similar organizations? Yes___ No___

II. Supervision

- 2.1. Do supervisors possess leadership skills? Yes___ No___
- 2.2. Do supervisors treat individuals fairly? Yes___ No___
- 2.3. Do you have a consistent, timely and fair Method for evaluating individual performance? Yes___ No___

III. Salary

- 3.1. Are your organization's salaries comparable to what other offices in your areas are paying? Yes___ No___
- 3.2. Are your organization's benefits comparable to What other offices in your area are offering? Yes___ No___
- 3.3. Do employees perceive that are being paid Fairly? Yes___ No___
- 3.4. Do your employees perceive that the benefits are sufficient? Yes___ No___
- 3.5. Does the organization have clear policies related to salaries, raises and bonuses? Yes___ No___

IV. Interpersonal Relations

- 4.1. Do individuals have opportunities to socialize with one another during the work day? Yes___ No___
- 4.2. Does the organization deal with individuals who are disruptive? Yes___ No___

V. Working conditions

- 5.1. Are all your organization's equipment working properly? Yes___ No___
- 5.2. Is the facility clean and up to date? Yes___ No___
- 5.3. Are office conditions comfortable? Yes___ No___
- 5.4. Do individuals have adequate personal space? Yes___ No___

VI. The work itself

- 6.1. Do employees perceive that their work is meaningful? Yes___ No___
- 6.2. Do you communicate to individual that their Work is important? Yes___ No___
- 6.3. Do you look for ways to streamline process And make them more efficient Yes___ No___

VII. Achievement

- 7.1. Do individuals have clear, achievable goals and standards for their positions? Yes___ No___
- 7.2. do individuals receive regular, timely feed back on how they are doing? Yes___ No___
- 7.3. Are individuals adequately challenged in Jobs? Yes___ No___

VIII. Recognition

- 8.1. Are employees recognized for their major Accomplishments? Yes___ No___
- 8.2. Do you recognize individuals' small victories? Yes___ No___
- 8.3. Do you give employees recognition in a timely,

Meaningful way?

Yes___ No___

- 8.4. Does the organization have a formal program
(such as "employee of the month") for recognizing
staff members achievements on the job

Yes___ No___

IX. Responsibility

- 9.1. Do individual perceive that they have ownership
of their work

Yes___ No___

- 9.2. Do you give them sufficient freedom
and authority?

Yes___ No___

- 9.3. Do you provide opportunities for added
responsibility (not necessarily adding
more tasks)?

Yes___ No___

X. Advancement

- 10.1. Do you reward individuals for their loyalty? Yes___ No___

- 10.2. Do you reward individuals for their performance? Yes___ No___

- 10.3. Do you promote from within, when appropriate? Yes___ No___

- 10.4. Do you support continuing education and
personal growth?

Yes___ No___



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